ARTICLE APPEARED ON PAGE B11

THE WASHINGTON POST
14 August 1981

JACK ANDERSON

Director Casey, Contradictions And Finagling

With a brass-knuckled counterattack, CIA Director William J. Casey has fought the Senate Intelligence Committee to a standstill. The senators have made a public avowal that there's nothing in his past that should disqualify him from serving as the country's chief engineer of undercover activities.

But the senators have not closed the book on Casey. Their staff aides are still sifting through the documentation that he provided. What emerges is a portrait of a man who is as much a wizard at business manipulations as at undercover operations.

What he told the senators simply does not jibe with some of his previous testimony before other forums. Here are some of the contradictions:

• Regarding his role in Multiponics Inc., a now-bankrupt firm, Casey told the committee behind closed doors that he was "an outside director" who "did not attend many board meetings." His position in the corporation, Casey assured the senators, was "largely ceremonial."

But that's not what he told the bankruptcy examiner at a hearing in New Orleans on Sept. 15, 1975. "I think the record will show," he said then, "that I had a great deal to say and a fair amount of influence in the basic decisions that the directors made."

• In October, 1961, Casey was chairman, secretary and owner of 6 percent of the stock of Advancement Devices Inc. He lent the company $100,000. In the process of arranging a sale of stock in the company to repay the loan, Casey brought in a man who had been convicted of rigging security prices 13 years earlier and had been forbidden to take part in any stock market activity beyond investment analysis.

Yet the convicted finagler was permitted to prepare what turned out to be an overly optimistic economic forecast to lure investors into buying stock in the firm that owed Casey money.

At the time the stock was offered, Casey advised his company that the transaction didn't have to be registered with the Securities and Exchange Commission because the stock was being offered to only a limited number of investors and thus constituted a private deal.

So the SEC was never given a chance to look into the stock offer. Less than a year later, Casey's company went broke. Yet 10 years later, testifying before the Senate Banking Committee, Casey admitted that the prospectus had been "outrageous."

One investor who had been sucked in by the "outrageous" prospectus sued to recover his investment. The case was settled out of court.

• Earlier still, in 1959, Casey lost a plagiarism suit, and then tried to have the records sealed. The plaintiff charged that Casey had lifted 2½ pages from a manuscript and published the material as his own in a 1956 Casey tax publication called "Pay Plans."

Casey told the Banking Committee it was the judge's idea to seal the record. But a transcript of the conversation in the judge's chambers quotes Casey as saying, "I would like to have the record sealed entirely."